

LEASE AGREEMENT

This Lease Agreement (this “Agreement”) is made this 27th day of October 2021, by The Commissioners of St. Michaels, a Maryland municipal corporation with its principal office at 300 Mill Street, St. Michaels, Maryland 21663 (hereinafter referred to as both “Landlord” and “Tenant”).

RECITALS

WHEREAS, Landlord owns four parcels of real property upon which Tenant owns and operates certain facilities in connection with the operation of a municipal water system, as follows: 109 Gloria Avenue, St. Michaels, Maryland, Tax Map 200, Parcel 1799 (the “#3 Well”); 700 New Lane (aka 104 E. Marengo), St. Michaels, Maryland, Tax Map 201, Parcel 1360 (the “#2 Well”); and 108 Woodside Avenue, St. Michaels, Maryland, Tax Map 32, Parcel 177 (the “South Tank”); and

WHEREAS, the foregoing parcels of real property are hereinafter collectively referred to as the “Premises”, and the foregoing municipal water facilities are hereinafter collectively referred to as the “Facilities”; and

WHEREAS, Landlord is desirous of leasing the Premises to Tenant, and Tenant is desirous of leasing the Premises from Landlord, for the operation of the Facilities, upon the terms and conditions set forth herein; and

WHEREAS, these recitals are not merely prefatory but form a substantive part hereof this Agreement.

NOW, THEREFORE, for and in consideration of the mutual covenants and obligations contained herein, and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, Landlord and Tenant hereby agree as follows:

SECTION 1. Term

(a) This Agreement shall be for a term of two (2) years, beginning on November 1, 2021, and continuing until October 31, 2023 (the “Term”), unless otherwise sooner terminated by the provisions of this Agreement or as otherwise agreed to in writing by the parties hereto. The Agreement shall automatically renew for successive two (2) year Terms if not otherwise terminated by the parties prior to the expiration of the Term then in effect.

(b) The terms and conditions of any renewal Term are subject to negotiation between the parties.

SECTION 2. Rent

The rent for the Term is as follows: Fifteen percent (15%) of the gross annual revenues generated by the Town of St. Michaels Water System Enterprise Fund (the "Water Fund") during the Term, which shall be paid from the Water Fund to the Town of St. Michaels General Operating Fund (the "General Fund") annually on the last day of the Term without notice or demand.

SECTION 3. Covenants of Tenant

In consideration of this Agreement, Tenant covenants and agrees as follows:

- (a) To pay to Landlord for the possession and use of said Premises for the period aforesaid, the rent specified in Section 2.
- (b) To accept the Premises in its present condition, and during the term of this Agreement, Tenant shall safely keep, carefully use and adequately maintain the Premises in its present condition, reasonable wear and tear excepted.
- (c) To not use the Premises in such a manner as to disturb the peace and quiet of other tenants or occupants and the immediate neighbors.
- (d) To comply with all applicable laws, rules, regulations and ordinances in using and occupying the Premises.
- (e) To co-ordinate use of any common parking areas with Landlord and/or other occupants of the property upon which the Premises is located.
- (f) To obtain any and all licenses and permits for such use of the Premises by Tenant and satisfy any and all laws, regulations and ordinances applicable thereto.

SECTION 4. Leased Premises and Condition of Premises

- (a) The Premises being leased under this Agreement are those three parcels of real property owned by Landlord and located at 109 Gloria Avenue, St. Michaels, Maryland, Tax Map 200, Parcel 1799; 700 New Lane (aka 104 E. Marengo), St. Michaels, Maryland, Tax Map 201, Parcel 1360; and 108 Woodside Avenue, St. Michaels, Maryland, Tax Map 32, Parcel 177.
- (b) Landlord represents and warrants that, to the best of its knowledge and belief, the Premises is free from any known faults, deficiencies or hazards which would affect safe and routine use and occupancy of the Premises.
- (c) Tenant stipulates, represents and warrants that it has examined the Premises, and that it is at the time of this Agreement in good order in a safe, clean and usable condition.

SECTION 5. Utilities and Services

Landlord agrees to furnish the following utilities and/or services: electricity, water & sewer. Tenant shall be responsible for any internet, television, telephone or other service. Tenant shall be responsible for cleaning and performing ordinary routine maintenance of the interior of the Premises during the term of this Agreement, including routine maintenance and repairs on any heating, air conditioning and ventilation services within the Premises.

SECTION 6. Right of Entry; Routine Maintenance and Improvements

- (a) Landlord may enter the Premises at reasonable times for the purposes of inspection, maintenance, or repair.
- (b) The landlord retains the sole right to authorize and approve communication equipment lease agreements on the Premises.
- (c) Tenant agrees that during the Term of this Agreement it will, at its own expense, keep clean and maintain the interior of the Premises in good condition and working order (ordinary wear and tear expected), making all repairs thereto.
- (d) Tenant agrees that during the Term of this Agreement it will, at its own expense, make structural repairs to the Facilities and maintain in good working order and condition the exterior of the same, including the roof, walls, foundation, gutters, down spouts and structural portions thereof. Landlord shall be responsible for maintenance and repair of the electrical, mechanical and plumbing systems serving the Premises.

SECTION 7. Quiet Enjoyment

Tenant, upon payment of all of all sums referred to herein as being payable by Tenant and Tenant's performance of all Tenant's agreements contained herein and Tenant's observance of all rules and regulations, shall and may peacefully and quietly have, hold and enjoy said Premises for the term thereof.

SECTION 8. Insurance

- (a) Landlord, at Landlord's sole expense, shall maintain in force continuously throughout the term of this Agreement and/or any renewal insurance in such forms and amounts appropriate to cover liability and improvements on the Premises, including the Facilities and all contents thereof.
- (b) Tenant shall do nothing and permit nothing to be done on or about the Premises which will contravene any insurance policy covering the Premises.

SECTION 9. Assignment

This Agreement may not be assigned by either party.

SECTION 10. Termination

This Agreement shall terminate upon the earlier of:

- (a) At the expiration of the Term specified in Section 1, or, if renewed, at the expiration of the renewed Term then in effect, provided that notice is given as set forth therein.
- (b) As the result of fire or other casualty that renders the Premises unusable.
- (c) Immediately upon a determination by the Commissioners of St. Michaels that it would be in the best interests of the Town to terminate this Agreement.

SECTION 11. Miscellaneous

- (a) Entire Agreement. This instrument constitutes the entire agreement between the parties, and it shall not be amended, altered or changed except by written agreement signed by the parties.
- (b) Captions. Section titles in this Agreement are solely for convenience and reference, and are not intended for interpretation or construction of this Agreement.
- (c) Binding Effect. The covenants, obligations and conditions herein contained are to be binding on and inure to the benefit of the heirs, legal representatives, successors and assigns of the parties hereto.
- (d) Governing Law. This Agreement shall be governed, construed and interpreted by, through and under the Laws of the State of Maryland.
- (e) Severability. If any provision in this Agreement or the application thereof cannot be enforced to its fullest extent, then such provision shall be enforced to the maximum extent permitted by law. The invalidity, illegality or unenforceability of any term or provision of this Agreement shall not affect or limit the validity, legality or enforceability of any other term or provision hereof.
- (f) Non-Waiver. No indulgence, waiver, election or non-election by Landlord under this Agreement shall affect Tenant's duties and liabilities hereunder.

SIGNATURES FOLLOW ON THE NEXT PAGE

IN WITNESS WHEREOF, the parties hereto have executed this Lease Agreement on the date first written above.

(LANDLORD)

THE COMMISSIONERS OF ST. MICHAELS

ATTEST:

Jeffrey Rhodes,
Interim Town Manager

By: _____
Name: Michael E. Bibb
Title: President, Commissioners of St. Michaels

(TENANT)

THE COMMISSIONERS OF ST. MICHAELS

ATTEST:

Jeffrey Rhodes,
Interim Town Manager

By: _____
Name: Michael E. Bibb
Title: President, Commissioners of St. Michaels